Berjasa Information System Sdn Bhd v Tan Gaik Leong (t/a Jurukur Berjasa) & Anor

HIGH COURT (KUALA LUMPUR) — ORIGINATING SUMMONS NO D5-24-80-1994
KAMALANATHAN RATNAM JC
20 DECEMBER 1995

Copyright *— Computer software programs — Ownership of copyright — Defendant was director of plaintiff company — Software written by another director of plaintiff company for and on behalf of plaintiff company — Defendant prepared survey and proposal for client — Agreement with client provided that copyright remained property of defendant — Whether copyright owned by plaintiff company or defendant — Whether plaintiff company author of software — Meaning of 'author' — Copyright Act 1987 s 3(g)*

Copyright *— Computer software programs — Estoppel — Plaintiff company's copyright notice displayed as part of system — No objection by defendant — Defendant now claimed that copyright belonged to him — Whether defendant was estopped from doing so*

Copyright *— Computer software programs — Assignment — Burden of proof — Mening — Court found that plaintiff was author under s 26 of Copyright Act 1987 — Whether burden of proof on defendant to show existence of assignment — Copyright Act 1987 s 26*

Berjasa Information System Sdn Bhd ('the plaintiff company') was incorporated by one Aw Kong Koy ('Aw') and the first defendant who were both directors and shareholders of the company in the proportion of 60% and 40% respectively. The plaintiff company was incorporated for the purpose of proposing and supplying a software system to Lembaga Air Perak ('the second defendant') for its map and asset management project. The proposal for the software system was prepared by the plaintiff company and presented to the second defendant in the name of the first defendant. By letter dated 10 January 1991 ('the assignment letter'), the first defendant assigned the development of the project (save for the surveying part of it) to the plaintiff company in return for a 3% fee on claims made by the plaintiff company. The plaintiff company accepted the assignment. The first defendant then entered into an agreement ('the agreement') with the second defendant, whereby the first defendant was described as a consultant, and it was provided that the copyright of the software should remain the property of the first defendant. Aw, in his affidavit, affirmed that he was the author of the software which he prepared for and on behalf of the plaintiff company, and he averred that in the

A circumstances, the copyright of the software system belonged to the plaintiff company. At the commencement of the software system, the plaintiff company's copyright notice was displayed as part of the system. The defendants had been using the software system since early 1991 and had not registered any objection over the plaintiff company's claim to the copyright as displayed in the copyright notice. On 4 September 1993, the first defendant, relying on the agreement entered into between himself and the second defendant, claimed copyright over the software system. Subsequently, the first defendant informed the plaintiff company that its services were no longer required. The plaintiff company applied to the High Court for a declaration that the software system was owned, with regard to copyright, by them, and a further declaration that they were entitled to display the copyright notice on the software system. They contended that the first defendant was estopped from claiming copyright to the software as neither defendants had, prior to September 1993, registered a protest over the plaintiffs' claim to copyright at the start of the system, and that although the second defendant had averred that it had directed the first defendant to remove the copyright notice, the second defendant had not written to the plaintiff company in that regard. The first defendant claimed that the copyright belonged to him, on the basis that: (i) he had only commissioned the plaintiff company to prepare the system; and (ii) an assignment in accordance with s 27(3) of the Copyright Act 1987 ('the Act') had to be in writing and referred to specifically, but there was nothing in the assignment letter which indicated that the ownership of the copyright had passed with the assignment of the project.

Held, allowing the plaintiffs' application:

(1) From the assignment letter, it was the clear intention of the first defendant that the plaintiff company should author the software system, minus that part which dealt with the survey. It was an unequivocal appointment to create the software system (see p 820G–H).

(2) There was no evidence to show that the plaintiff company was commissioned by the first defendant to prepare the software system. The very fact that the plaintiff company were incorporated showed that it was the desire of both the directors that whilst one director (the first defendant) prepared the survey and the proposal to the project, the other director (Aw) would produce or author the software system incorporating the survey plans and drawings in computer callisthenics. In any event, relying on the definition of 'author' in s 3(g) of the Act, and since the software system was prepared by the plaintiff company through Aw, the plaintiff company was the author (see pp 821B–D and 822C–D).

(3) From the documentary evidence and the affidavits, there was a clear intention to vest the copyright ownership in the plaintiff company. From the time the software system was developed, the plaintiff company's claim to copyright was displayed prominently as a copyright notice. However, neither of the defendants registered a protest (see p 821H).

(4) Furthermore, if the defendants had commissioned the plaintiff company to do the work, there was no reason why a series of debit notes were forwarded by the plaintiff company to the first defendant for various services. There ought to have been one invoice to have the entire sum claimed. Moreover, in the assignment letter, there was no mention of the plaintiff company's fees. The only fees referred to therein was the first defendant's fees (see p 822G).

(5) The conduct of the defendants and their act of silence had estopped them from claiming ownership of the copyright (see p 822B); *Boustead Trading (1985) Sdn Bhd v Arab-Malaysian Merchant Bank Bhd* [1995] 3 MLJ 331 followed.

(6) Since the plaintiffs were regarded the authors, the burden was on the first defendant to show that there was an assignment of the copyright in order for s 26 of the Act to operate in his favour but he failed to do so (see p 822H).

(7) The word 'assignment', referred to in the assignment letter had the meaning given to it in the *Concise Oxford Dictionary*, ie 'something assigned especially a task allotted to a person'. In the instant case, the plaintiff company, through the expertise of Aw, were assigned the task of producing the software system whilst the first defendant reserved to himself the task of surveying (see p 823H).

(8) The reference to s 27(3) of the Act by the defendants' counsel would seem to suggest that his clients had the copyright to assign. But that was not the case (see p 823I).

Per curiam:

In drafting affidavits, it is not only the legal duty of a practitioner, but also his moral duty, to address his mind properly to the preparation of an affidavit so that it would reflect a cogent and cohesive narration of facts being a true reflection of his client's case. A client is not expected to have the knowledge of a solicitor in legal draftsmanship. A practitioner, therefore, owes a duty to prevent his client from affirming an affidavit that bears contradictions to any earlier averments, and to safeguard him from a possible charge of making a false affidavit (see p 819A–C).

[Bahasa Malaysia summary

Berjasa Information System Sdn Bhd ('syarikat plaintif tersebut') telah ditubuhkan oleh seorang bernama Aw Kong Koy ('Aw') dan defendan pertama, yang kedua-duanya merupakan pengarah dan pemegang syer syarikat itu dalam perkadaran 60% dan 40% masing-masing. Syarikat plaintif tersebut telah ditubuhkan dengan tujuan mencadang dan membekal suatu sistem perisian kepada Lembaga Air Perak ('defendan kedua') untuk projek pengurusan 'map dan asset'. Cadangan untuk sistem perisian itu telah disediakan oleh syarikat plaintif tersebut dan disampaikan kepada defendan kedua atas nama defendan pertama. Melalui surat bertarikh 10 Januari 1991 ('surat penyerahhakan tersebut'), defendan pertama telah menyerahhak perkembangan projek itu (melainkan bahagian berhubung dengan peninjauan) kepada syarikat plaintif tersebut sebagai balasan yuran 3% atas tuntutan yang dibuat oleh syarikat plaintif tersebut. Syarikat plaintif tersebut telah menerima penyerahhakan itu. Defendan pertama kemudiannya telah mengikat suatu perjanjian ('perjanjian tersebut') dengan defendan kedua, di mana defendan pertama telah disifatkan sebagai seorang perunding, dan ia telah diperuntukkan bahawa hakcipta perisian akan kekal menjadi harta defendan pertama. Aw, dalam afidavitnya, mengesahkan bahawa beliau adalah pencipta perisian yang telah disediakan untuk dan bagi pihak syarikat plaintif tersebut, dan menyatakan bahawa dalam keadaan begitu, hakcipta sistem perisian itu dimiliki oleh syarikat plaintif tersebut. Di permulaan sistem perisian, notis hakcipta syarikat plaintif tersebut telah dipamerkan sebagai sebahagian daripada sistem itu. Defendan-defendan telah menggunakan sistem perisian itu semenjak awal tahun 1991 dan mereka tidak pernah membuat sebarang bantahan terhadap tuntutan syarikat plaintif tersebut ke atas hakcipta seperti dipamerkan dalam notis hakcipta. Pada 4 September 1993, defendan pertama, yang bergantung pada perjanjian tersebut yang telah diikat di antara dirinya dengan defendan kedua, menuntut hakcipta ke atas sistem perisian itu. Selepas itu, defendan pertama telah memberitahu syarikat plaintif tersebut bahawa perkhidmatannya tidak lagi diperlukan. Syarikat plaintif tersebut telah memohon kepada Mahkamah Tinggi untuk suatu deklarasi bahawa sistem perisian itu adalah dimiliki, berhubung dengan hakcipta, oleh mereka, dan suatu deklarasi tambahan bahawa mereka berhak mempamerkan notis hakcipta pada sistem perisian itu. Mereka berhujah bahawa defendan pertama diestop daripada menuntut hakcipta kepada perisian itu kerana tidak satupun daripada defendan-defendan pernah, sebelum September 1993, membuat sebarang bantahan terhadap tuntutan syarikat plaintif tersebut kepada hakcipta di tahap permulaan sistem itu, dan bahawa walaupun defendan

kedua telah menyatakan bahawa ianya telah mengarah defendan pertama untuk menyingkirkan notis hakcipta, defendan kedua telah tidak menulis kepada syarikat plaintif tersebut berkaitan hal ini. Defendan pertama menuntut bahawa hakcipta dimiliki olehnya, berdasarkan bahawa: (i) dia hanya telah menempah syarikat plaintif tersebut untuk menyediakan sistem itu; dan (ii) suatu penyerahhakan menurut s 27(3) Akta Hakcipta 1987 ('Akta tersebut') hendaklah dibuat secara bertulis dan dirujuk secara khusus, tetapi tidak ada apa-apa dalam surat penyerahhakan yang menandakan bahawa keempunyaan hakcipta telah beralih dengan penyerahhakan projek itu.

Diputuskan, membenarkan permohonan syarikat plaintif tersebut:

(1) Berdasarkan surat penyerahhakan, adalah merupakan niat jelas defendan pertama bahawa syarikat plaintif tersebut sepatutnya mencipta sistem perisian itu, kecuali bahagian yang berkaitan dengan tinjauan. Ianya adalah suatu lantikan jelas untuk mencipta sistem perisian itu (lihat ms 820G–H).

(2) Tiada bukti yang menunjukkan bahawa syarikat plaintif tersebut telah ditempah oleh defendan pertama untuk menyediakan sistem perisian itu. Fakta semata-mata bahawa syarikat plaintif tersebut telah ditubuhkan menunjukkan bahawa ia adalah kehendak kedua-dua pengarah bahawa sementara seorang pengarah (defendan pertama) menyediakan tinjauan dan cadangan kepada projek itu seorang pengarah yang lain (Aw) akan menghasilkan atau mencipta sistem perisian yang menggabungkan pelan-pelan tinjauan dan lukisan kalistenik komputer. Walau bagaimanapun, berdasarkan tafsiran 'pencipta' di dalam s 3(g) Akta tersebut, dan oleh kerana sistem perisian itu telah disediakan oleh syarikat plaintif tersebut melalui Aw, maka syarikat plaintif tersebut adalah penciptanya (lihat ms 821 B–D dan 822 C–D).

(3) Daripada keterangan dokumentar dan afidavit-afidavit, terdapat niat yang jelas bahawa keempunyaan hakcipta hendaklah disandarkan ke atas syarikat plaintif tersebut. Dari masa sistem perisian itu diperkembangkan, tuntutan syarikat plaintif tersebut ke atas hakcipta telah dipamerkan dengan jelas sebagai notis hakcipta. Walau bagaimanapun, tidak satupun daripada defendan-defendan telah membuat sebarang bantahan (lihat ms 821H).

(4) Tambahan pula, jikapun defendan-defendan telah menempah syarikat plaintif tersebut untuk membuat kerja itu, tidak ada sebab mengapa suatu siri nota debit telah dikemukakan oleh syarikat plaintif tersebut kepada defendan pertama untuk berbagai jenis perkhidmatan. Sepatutnya, satu invois sahaja yang harus dibuat untuk jumlah keseluruhan yang dituntut. Lagipun, dalam surat penyerahhakan tersebut, yuran syarikat plaintif tersebut

langsung tidak disebut. Yuran yang dirujuk di dalamnya hanyalah yuran defendan pertama (lihat ms 822G).

(5) Kelakuan defendan-defendan dan tindakan mendiamkan diri mereka telah mengestop mereka daripada menuntut keempunyaan hakcipta itu (lihat ms 822B); *Boustead Trading (1985) Sdn Bhd v Arab-Malaysian Merchant Bank Bhd* [1995] 3 MLJ 331 diikut.

(6) Oleh kerana syarikat plaintif tersebut dianggap sebagai pencipta, beban terletak ke atas defendan pertama untuk menunjukkan bahawa terdapatnya penyerahhakan hakcipta itu supaya s 26 Akta tersebut terpakai untuk faedahnya, tetapi dia telah gagal berbuat demikian (lihat ms 822H).

(7) Perkataan 'penyerahhakan', yang dirujuk dalam surat penyerahhakan tersebut mempunyai makna yang diberikannya dalam *Concise Oxford Dictionary*, iaitu 'sesuatu yang diserahhakan terutamanya suatu pekerjaan yang dikhaskan kepada seseorang'. Dalam kes ini, syarikat plaintif tersebut, melalui kemahiran Aw, telah diserahhakan tugas menghasilkan sistem perisian itu, manakala defendan pertama telah mengekalkan untuk dirinya tugas peninjauan (lihat ms 823H).

(8) Rujukan kepada s 27(3) Akta tersebut oleh peguam defendan-defendan seolah-olah mencadangkan bahawa kliennya mempunyai hakcipta untuk diserahhakan. Tetapi ini bukan merupakan kes demikian (lihat ms p 823I).

Per curiam:

Penggubalan afidavit bukan sahaja merupakan kewajipan undang-undang seseorang pengamal, malah juga adalah kewajipan moralnya untuk menumpukan mindanya secara wajar terhadap penyediaan sesuatu afidavit itu supaya ia mencerminkan suatu huraian fakta-fakta yang meyakinkan dan padu yang merupakan gambaran sebenar kes kliennya. Seseorang klien itu tidak boleh diharapkan supaya mempunyai pengetahuan yang sama seperti seseorang peguamcara dalam penggubalan undang-undang. Seseorang pengamal, dengan itu, mempunyai kewajipan untuk menghalang kliennya daripada mengesahkan sesuatu afidavit yang mengandungi sangkalan terhadap kenyataan awalnya dan untuk melindunginya daripada sebarang kemungkinan tuduhan mengesahkan afidavit palsu (lihat ms 819A–C).]

[*Editorial note*: The defendants have appealed to the Court of Appeal vide Civil Appeal No W–02–856–95.]

Notes

For cases on computer software programs, see 3 *Mallal's Digest* (4th Ed, 1994 Reissue) para 2332; [1991] Mallal's Digest 795; [1993] Mallal's Digest 525.

Cases referred to:

Boustead Trading (1985) Sdn Bhd v Arab-Malaysian Merchant Bank Bhd [1995] 3 MLJ 331 FC

Eng Mee Yong & Ors v V Letchumanan [1979] 2 MLJ 212 PC

Hock Hua Bank (Sabah) Bhd v Yong Liuk Thin & Ors [1995] 2 MLJ 213 CA

Legislation referred to:

Copyright Act 1987 ss 3(g), 26 & 27(3)

KH Koh (*CK Chong* with him) (*KH Koh Azhar & Koh*) for the plaintiffs.
Sri Dev Nair (*Ram Rais & Partners*) for the defendants.

Kamalanathan Ratnam JC: By this originating summons, the plaintiffs pray for a declaration that the digital mapping software system ('the software system') is owned, with regard to the copyright, by the plaintiffs. They also seek a further declaration that they are entitled to display the copyright notice on the software system, and also pray for costs and such other relief they are entitled to.

In support of this application, one Aw Kong Koy, the director and major shareholder of the plaintiffs, affirmed an affidavit dated 12 April 1994. He confirmed that the plaintiffs were incorporated by him, holding about 60% of the shares, and the first defendant, who is also a director and shareholder of the plaintiffs, holding about 40% of the shares. The company was incorporated for the purpose of proposing and supplying the software system. The software system was based on a computer program for the map and asset management project ('the project') of the second defendants (Lembaga Air Perak). It was averred that the proposal for the said software system was prepared wholly by the plaintiffs and presented to the second defendants in the name of the first defendant on 23 August 1990.

Need for the computerized digital system

The second defendants manage the water supply for the state of Perak, and an essential requirement of water supply organizations is to keep records of the installations of pipelines, treatment plants, reservoirs and pump-houses. For pipelines, this is especially important due to the fact that these are buried underground, and records for pipelines are kept for several reasons, namely:

(a) to identify exact locations of pipes and to relate their locations with respect to other pipes and cables;

(b) to help determine the condition of pipes, ie asset value;

(c) to record maintenance works on pipes; and

(d) to record improvements or alterations on pipes.

Traditionally, these records were kept manually by personnel in the drawing office. The drawings come in all sizes and scales, and vary from imperial to metric. The plans are kept in storage cupboards and over the years, when some of these drawings have faded or were torn, duplicates were made. However, with the rapid development of the country, there has been a great demand in water supply installations, with the corresponding workload imposed on drawing office personnel increasing proportionately. Thus, record-keeping became a problem; and as an up-to-date drawing register was not available and as various drawings were either misplaced, damaged or lost, it became necessary to correlate all information through a computerized mapping system developed through a software system which would store maps and all information about pipelines as well as other assets, in a computer, thus allowing for one to look, for example, at a map with different scales and with different features. All records are kept in a pre-defined way and were readily available. Hence, the involvement of the plaintiffs in supplying this software to the second defendants through the first defendant.

The first defendant wrote to the plaintiffs vide his letter dated 10 January 1991 (exhibit AKK-2), assigning the development of the project (except the surveying part of it) to the plaintiffs. A copy of the said letter is reproduced herewith:

Bil. Kami : JB/SJ/90/ LAP 11A 10 January 1991

M/s Berjasa Information System Sdn Bhd
75C, Jalan SS21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

Dear Sir,

Proposed Digital Mapping System For Lembaga Air Perak

We refer to the above and are pleased to inform you that we have been appointed for the above project.

We are also pleased to advise that apart from the surveying part we are assigning the whole project to Berjasa Information System Sdn Bhd.

As is agreed we shall only charge a three (3) per cent fee on the claims made by you.

Please acknowledge receipt by returning a copy of this letter duly stamped and signed to us within seven (7) days.

Thank you.

Your faithfully,
Jurukur Berjasa

Sgd
Tan Gaik Leong
MIS (M), MIS (Aust), MAAS
BAppSc (Surveying) Aust
Surveyor Licenced Under Ordinance
11 of 1958

We, Berjasa Information System Sdn Bhd, accept the assignment of the proposed digital mapping system excluding the surveying portion and the condition as stated.

Sgd
Berjasa Information System Sdn Bhd

The first defendant thus retained the surveying part of the project to himself and assigned the rest of the project, ie the preparation of the software, to the plaintiffs. He also specifically agreed to only charge a 3% fee on the claims made by the plaintiffs. The plaintiffs signed on the letter, accepting the assignment and on the said terms. Then, vide his letter dated 12 February 1991, the first defendant wrote to the second defendants that a company had been incorporated, ie the plaintiffs, and that the consultancy for the software part of the system would be carried out by the plaintiffs (exh AKK3). The first defendant then entered into an agreement with the second defendants whereby the first defendant labelled himself as consultant. It was a term of the said agreement that the copyright of the software system should remain the property of the consultant, and that the second defendants would get 5% royalty from the sales of this version of the software to any other parties. In his affidavit, Aw Kong Koy affirmed that he was the author of the said software which he prepared for, and on behalf of, the plaintiffs and he averred that in the circumstances, the copyright of the software system belonged to the plaintiffs. It was not in dispute that at the commencement of the software system the plaintiffs' copyright notice was displayed as part of the software system each time the software was used, and it reads as follows:

Digital Mapping System
for
Lembaga Air Perak
Version 1.0
Copyright (C) 1990, 1991
Berjasa Information System Sdn Bhd
&
Lembaga Air Perak
All Rights Reserved

The defendants have been using the software system since early 1991 and have never registered any objection nor protest over the plaintiffs' claim to copyright as displayed in the copyright notice.

In addition, all meetings relating to the software system were held in the plaintiffs' or the second defendants' office; never at the first defendant's. Further, the plaintiffs trained the staff of the second defendants and the second defendants gave permission to the plaintiffs to demonstrate the software system in a public exhibition at a conference at the request of the plaintiffs.

However, on 15 March 1993, the second defendants sent a letter to the first defendant directing the first defendant to delete the plaintiffs' name in the copyright notice. However, the plaintiffs were never extended a copy of this letter. Then on 4 September 1993 the first defendant, through his solicitors' letter addressed to the plaintiffs, claimed copyright over the software system. The first defendant relied on the agreement signed between himself and the second defendants wherein it was stated that the copyright of the software should remain the property of the first defendant and claimed such right over the plaintiffs. It was only as of 4 September 1993 that the first defendant claimed that the plaintiffs were commissioned to plan and/or prepare and/or programme the software system. He also referred to the letter dated 15 March 1993 from the second defendants to him, a copy of which he maintained was extended to the plaintiffs, and which the plaintiffs had denied receiving. It was demanded of the plaintiffs that they remove their name from the copyright displayed at the commencement of the software system. The plaintiffs then wrote to the first defendant vide their letter dated 9 September 1993 seeking an explanation or reasons for the first defendant's solicitors' letter since the first defendant himself was a director of the plaintiffs. The first defendant's reply was curt. The solicitors' letter, he said, was clear and he advised the plaintiffs to comply. The plaintiffs thus, through their solicitors, denied the first defendant's claim to the copyright. Since the first defendant did not respond, the plaintiffs demanded a letter from the first defendant of an unequivocal withdrawal of any claims to the copyright of the software system and threatened to revoke all licences accrued through their ownership of the copyright. The reply from the first defendant was headed 'without prejudice' and contained reference to a term in the contract between the first defendant and the second defendants whereby the second defendants could terminate the agreement if the consultants refused to comply with the written instructions of the second defendants; and in this case, the instructions were the erasure of the plaintiffs' copyright notice from the software system. Subsequently, by his letter dated 4 January 1994, the first defendant wrote to the plaintiffs that he no longer required their services. By their letter dated 25 January 1994, the plaintiffs invited the second defendants to join them as co-plaintiffs in their application for these declarations and stated that if the second defendants refused, they would be joined as co-defendants. The reply from the second defendants dated 2 March 1994 contended that they were not aware as to how the plaintiffs were involved in the agreement between them and the first defendant.

In his reply to the plaintiffs' affidavit, the first defendant, who affirmed his affidavit on 21 September 1994, said that the plaintiffs had no locus

and lacked authority to file the said application on the grounds that no resolution was passed. The first defendant contended that the entire issue rested on the interpretation to be put to the agreement between the first defendant and the second defendants and the letter assigning to the plaintiffs the project, ie for the plaintiffs to prepare the software system except the surveying part. The first defendant also referred to his letter dated 12 February 1991 (referred to earlier) and addressed to the second defendants whereby he confirmed appointing the plaintiffs as consultants over the said project and he adverted to his experience as a surveyor to have thought of this software system. The first defendant denied that the authorship of the software system belonged to the plaintiffs because he averred that, based on the exh AKK1, he had drafted the said proposal whereas all that the plaintiffs did was to type out and/or key the said proposal into the making of the software system. The first defendant then confirmed in his affidavit that 'apart from the surveying portion the rest of the project was to be performed by the plaintiffs and in particular by the deponent (ie Aw Kong Koy) who possesses the knowledge of writing a software for the said project.' It was also averred that, without the help of the first defendant, the plaintiffs could not have completed the said project. The first defendant sent two qualified surveyors to assist the plaintiffs in the preparation of the said project. The plaintiffs exhibited in their affidavit a bill for 3% fees charged by the first defendant for such services. The first defendant continued to maintain that he owned the copyright to the software system. The first defendant maintained that, at all material times, the plaintiffs were aware that the second defendants had requested the first defendant to have the plaintiffs' copyright notice removed from the software system. The first defendant in his affidavit denied the averment of Aw Kong Koy who referred to a letter dated 15 March 1993 from the second defendant to the first defendant directing the first defendant to delete the plaintiffs' name from the copyright notice. If he denied the entire paragraph, that includes denial of receipt of this letter. However, in a later part of the same affidavit, he refers to his solicitors' letter dated 15 November 1993 and addressed to the plaintiffs' solicitors which refers to the need of the first defendant to comply with the directive of the second defendants, specifically stated in their said letter dated 15 March 1993, requiring the deletion of the plaintiffs' name from the copyright notice. On the one hand, he denies receipt of the letter and on the other, he refers to it specifically.

The second defendants then filed a further affidavit dated 1 October 1994 in which they confirmed the contents of the affidavit of the first defendant. In other words, they have given no explanation to this material letter dated 15 March 1993 which the first defendant has denied receiving and which he subsequently referred to.

It is of common knowledge that affidavits are drafted by legal practitioners based on facts related to them by their clients. It is not only

A a legal duty of a practitioner but also his moral duty to address his mind properly to the preparation of an affidavit so that it would reflect a cogent and cohesive narration of facts being a true reflection of his client's case. Affidavits drafted and filed in haste could lead to repentance at leisure. Filing of an affidavit without verification of the facts would lead to drastic consequences upon the deponent if subsequently his affidavit is shown to be untrue or materially false or in variance with expressions of statements made by the same deponent in other affidavits or letters relating to the same subject matter. A client is not expected to have the knowledge of a solicitor in legal draftsmanship. A practitioner thus owes a duty to prevent his client from affirming an affidavit that bears contradictions to any earlier averments. He, and he alone, being the master of the art of legal semantics, owes a duty to his client to safeguard him from a possible charge of making a false affidavit.

Aw Kong Koy then replied the first affidavit of the first defendant and the affidavit of the second defendants by affirming his affidavit on 28 December 1994 as director of the plaintiffs. He denied that he had no locus or that he lacked authority to sue, and he explained why there was no resolution because only he and the first defendant were the directors, and as matters stood, it would be well neigh impossible to get the first defendant to sign a resolution to sue himself, let alone attend a board meeting. He also confirmed that the plaintiffs were originally incorporated as Equity Network Sdn Bhd on 8 March 1990 as a shelf company, and that both he and the first defendant purchased it and changed it to its present name with effect from 28 March 1990. The plaintiffs denied that their share in the project was to merely type out and key in the said proposal. Aw Kong Koy affirmed that the proposal reflected knowledge and experience in database management technology as applied to spatial entities, computer graphics and software development methodology, and he contended that it was because of his experience that he owned 60% of the shares in the company and his director's fees were three times that of the first defendant. He also exhibited two invoices whereby the first defendant had charged RM700 and RM308 for the cost of preparation of the documentation and the making of additional copies, and if, indeed, the copyright belonged to the first defendant, there would be no basis for the plaintiffs being made to pay any direct costs. The proposal, which itself is an exhibit, stipulated that the software system developed under the project would be the copyright of the developer; however, in the agreement between the first defendant and the second defendants, the word 'developer' was substituted with the word 'consultant'. The plaintiffs also challenged the first defendant to state who, then, was the author of the software system if it was not the plaintiffs, and further required the first defendant to state when he came to a decision that the copyright belonged to him. With regard to the second defendants, the plaintiffs averred that permission from the second defendants to display the software (which projected the offending copyright

notice at its commencement) at the Paradox World Tour Seminar had to be obtained because the display would involve releasing information belonging to the second defendants, ie their waterworks assets information being shown to the participants at the seminar. The plaintiffs contended that it was only through their solicitors' letter dated 4 September 1993 (exh AKK7) that the first defendant claimed copyright ownership over the software system for the first time.

In reply to the second defendants' affidavit, the plaintiffs averred that the second defendants, by adopting the contents of the first defendant's affidavit, had therefore agreed that, save for the surveying part, the rest of the project was by way of an assignment to the plaintiffs and that the second defendants had knowledge of the purpose of the incorporation of the plaintiffs. The first defendant filed a further affidavit-in-reply affirmed on 6 April 1995 wherein he contended that by filing this action, Aw Kong Koy had failed in his duty as a director of the plaintiffs. It was also averred by the first defendant that the word 'assign' was used to reflect the commissioning of services by the first defendant to the plaintiffs in consideration of a fee.

On 2 October 1995, the defendants raised a preliminary objection before Abdul Malek J (as he then was). The preliminary objection was that the plaintiffs had no locus to commence this action nor to appoint solicitors. After hearing full arguments, the learned judge dismissed the preliminary objection on 18 October 1995. Hence, the hearing of this summons before me.

At the outset, the parties agreed that there was not much dispute as to the facts presented. It was not in dispute that the plaintiffs were incorporated solely for the purpose of this project. It was also not in dispute that it was the first defendant who, through his previous dealings, decided on the feasibility study of canvassing with the second defendants the possibility of computerizing their works for an efficacious management and record keeping of installation of pipes, pump-houses, treatment plants and reservoirs and to store plans and drawings. However, the first defendant is only a surveyor and he needed the expertise of Aw Kong Koy to plan, prepare and present the software system. Together, they decided to form the plaintiffs. Upon a perusal of the letter dated 10 January 1991 from the first defendant to the plaintiffs and marked as AKK2, I find that it was a clear intention of the first defendant that the plaintiffs should author the software system, minus that part that dealt with the survey. It is, to my mind, an unequivocal appointment to create the software system. For providing services, the first defendant agreed that he shall *only* (emphasis provided) charge a 3% fee on all claims made by the plaintiffs. However, since Aw Kong Koy and the first defendant were the sole directors and shareholders of the plaintiffs in the proportion of 60% and 40% respectively, the two directors had evinced an intention to share in the profits of the plaintiffs only, but that the authorship of the software system should, at all

material times, vest in the plaintiffs. This view is all the more clear when I refer to the first defendant's letter dated 12 February 1991 to the second defendants, and which he had copied to the plaintiffs, wherein he again unequivocally and without reservations confirmed that the plaintiffs were incorporated for the purpose of providing consultancy services. It is conceded by the defence before me that Aw Kong Koy was the one who had the computer knowledge and expertise.

It is the argument of the first defendant that he commissioned the plaintiffs to prepare the software system and thus the copyright belonged to him. However, nowhere can I find any evidence to substantiate this submission. The actual work was done by Aw Kong Koy, and if there was a need to merely commission, there was no need to incorporate the plaintiffs because the first defendant could have just commissioned Aw Kong Koy and paid him a fee. The very fact that the plaintiffs were incorporated showed that it was the desire of both the directors that whilst one director, ie the first defendant, prepared the survey and the proposal to the project, the other director, ie Aw Kong Koy, would produce or author the software system incorporating the survey plans and drawings in computer callisthenics. Thus, with a view to maintaining a long-term relationship with the second defendants, it was the intention of the two directors to vest the copyright in the plaintiffs and to give the second defendants a licence with a 5% royalty from the sales of this version of this software system to any other parties.

Expertise of each party

The expertise of each of the two directors in their respective branches of study is annexed to the proposal to the project. Clearly, the first defendant is a licensed surveyor, holding both a diploma and degree in surveying. Aw Kong Koy, on the other hand, holds a first class honours degree in mechanical engineering, and has been involved from 1987 to date as a computer application consultant. It was, therefore, an ideal combination to propagate computer literacy in the field of survey and such related works and it was of no surprise that the plaintiffs were incorporated for just this purpose. Can it therefore be said that the copyright ownership can vest in any of the two directors or that one commissioned the other?

I find from the documentary evidence and the affidavits a clear intention to vest the copyright ownership on the plaintiffs. From the time the software system was developed, the plaintiffs' claim to copyright was displayed prominently at the start of the software system as copyright notice. Neither of the defendants registered a protest. Indeed, if the first defendant had only commissioned the plaintiffs to prepare the software system, it was his duty to have claimed ownership forthwith and to move the court promptly for an injunction to restrain the plaintiffs from so advertising. This he failed to do and the first time he ever registered his protest was by his solicitors' letter dated 4 September 1993, ie more than

two years later. Of course the second defendants had averred that they had informed the first defendant of their desire to have the plaintiffs' claim to ownership of copyright removed. But, other than an averment in an affidavit, the second defendants themselves wrote no letter to the plaintiffs and/or to the first defendant on this. Even if they did, such a letter was never exhibited.

The plaintiffs relied on estoppel. On this, I need only refer to the case of *Boustead Trading (1985) Sdn Bhd v Arab-Malaysian Merchant Bank Bhd* [1995] 3 MLJ 331 (FC) where Gopal Sri Ram JCA applied the doctrine of estoppel. The conduct of the defendants in this case and their act of silence had estopped them from now claiming ownership of the copyright.

In any event, since the claim to authorship or copyright is not to the proposal to the project which is a 101-page document called 'digital mapping system' for Lembaga Air Perak but to the software system, I rely on s 3(g) of the Copyright Act 1987, which defines an 'author' as:

> in relation to any other cases, means the person by whom the work was made ...

and, since the software system was prepared by the plaintiffs through Aw Kong Koy, I hold the plaintiffs as the author. The first defendant's claim to ownership is also based on the agreement between him and the second defendants wherein the first defendant is referred to as the consultant. But that is between the parties to the agreement. The true intention as to who the author is had already been conveyed by the first defendant to the second defendants vide their letter dated 12 February 1991 where they stated that the plaintiffs were incorporated to offer consultancy services and the said letter was copied to the plaintiffs.

Is there a commissioning by the first defendant?

The first defendant's claim that he commissioned the plaintiffs is totally untenable. If indeed there was this alleged commissioning then I cannot see why a series of debit notes were forwarded by the plaintiffs to the first defendant for various services. There ought to have been one invoice for the entire sum claimed. These series of debit notes clearly constitute a running account between the two parties.

The next document to refer to with regard to the first defendant's claim as to assignment is exh AKK2 which I had reproduced earlier. The only fees referred to therein is the first defendant's fees. If there was commissioning, why did this letter not reflect the plaintiffs' fees. As I have found that the plaintiffs are the authors, the burden rests on the first defendant to show if there was assignment for s 26 of the Copyright Act 1987 to operate in his favour. He has, in my view, not done so.

The first defendant by his affidavit has not convinced me of his right to authorship. I need only refer to Lord Diplock's views on a similar

A situation in *Eng Mee Yong & Ors v V Letchumanan* [1979] 2 MLJ 212 (PC) at p 217:

> Although in the normal way it is not appropriate for a judge to attempt to resolve conflicts of evidence on affidavit, this does not mean that he is bound to accept uncritically, as raising a dispute of fact which calls for further investigation, every statement on an affidavit however equivocal, lacking in precision, inconsistent with undisputed contemporary documents or other statements by the same deponent, or inherently improbable in itself it may be. In making such order on the application as he 'may think just' the judge is vested with a discretion which he must exercise judicially. It is for him to determine in the first instance whether statements contained in affidavits that are relied upon as raising a conflict of evidence upon a relevant fact have sufficient prima facie plausibility to merit further investigation as to their truth.

In referring to similar sentiments expressed within our shores, I refer to Gopal Sri Ram JCA in *Hock Hua Bank (Sabah) Bhd v Yong Liuk Thin & Ors* [1995] 2 MLJ 213 (CA) at p 220 wherein his Lordship said:

> Whenever a court is required to judicially appreciate affidavit evidence, it is a necessary adjunct of that function to ascertain whether allegations made are inherently improbable or inherently incredible or patently inconsistent with contemporaneous documents. Whether such an analysis ought to be undertaken depends upon the jurisdiction the court is exercising and, more importantly, upon the particular facts of a case.

Mr Sri Dev, counsel for the first defendant, argued that AKK2, the letter I had reproduced in its full text, did not amount in law to an assignment of a copyright because of s 27(3) of the Act which reads:

> No assignment of copyright and no licence to do an act the doing of which is controlled by copyright shall have effect unless it is in writing.

He urged upon me that the doctrine of estoppel, relied upon heavily by the plaintiffs, would not arise where a statutory provision would apply. It was his argument that nothing in the said letter indicated that the ownership of the copyright flowed with the assignment of the project. An assignment, he said, has to be in writing and be specifically referred to, and he cited from various authors.

The word 'assignment' referred to in AKK-2 must, in my opinion, have the meaning given to it in the *Concise Oxford Dictionary*, ie 'something assigned especially a task allotted to a person'. In other words, the plaintiffs, through the expertise of Aw Kong Koy, were assigned the task of producing the software system whilst the first defendant reserved to himself the task of surveying. There was, therefore, no copyright as yet for it to be assigned.

Mr Sri Dev's reference to s 27(3) of the Act would seem to suggest that his client had the copyright to assign. But that is not the case.

Having reviewed the law and the facts as narrated in the copious affidavits, I am of the view that the plaintiffs are entitled to the declaratory reliefs sought with costs.

Appication granted.

Reported by Mariette Peters-Goh